AME Champions Club

Culture and Leadership Development: The Chicken and Egg Question

Dr. Harold S. Resnick
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Why Culture Matters
Why Culture Matters

- Culture drives behavior in an organization more than any other single factor
  - “That’s not how we do things around here”
  - “That’s a good way to get fired”
  - “Let me tell you what they really expect around here”
  - “I wouldn’t do that if I were you”
  - “That’s not how we treat customers”
  - “He’s a solid citizen”
  - “Let me show you “The JEA way”
  - You might have done things that way in your previous company, but that’s not how we do things around here”
Why Culture Matters

- Organizational “winners” (Highest Total Shareholder Return) over a ten year period all have a culture that drives:
  - High performance
  - Customer focus
- How employees treat their customers is a direct reflection of how they believe they are treated by their management - which defines the organizational culture
- High performance cultures consistently create vastly superior results- with the same employees
Organizational Culture Defined

- Organizational culture is the set of values, beliefs and behaviors that define “the way it is” and “the way we expect you to behave”
- Groups of people form norms - expected behaviors and rules - that define their “culture” over time
  - Nations have cultures
  - Religions have cultures
  - Societies have cultures
  - Communities have cultures
  - Companies have cultures
- An organizational culture is the same as a personality to an individual
- Cultures define how we are expected to think and behave
- Very strong unconscious driver of daily behavior
Components of Culture

- Hidden (unconscious) assumptions about the world and what’s important here
  - What we believe customers think and do
  - How we believe senior managers will react to situations
  - What we believe gets a person hired, fired, promoted

- Public value statements
  - What we say is important
  - What we actually do consistently that demonstrates our values
    - (May be different from what we say)

- Physical artifacts
  - Our physical space and how it is arranged
  - Our systems and work processes and methods
  - Our measurement, monitoring and control systems
  - What actually gets rewarded and punished - and why - by whom
As Society Changes
Organizational Culture
Must Change
The Organizational Model for the “Traditional” Industrial Age Society

- Control and manage people.
- People are an expense (dispensable) and machines are assets.
- Carrot-and-stick motivational philosophy
- Centralized budget and decision-making
- Short term results - “Get the numbers”
- Authority-based hierarchical “kiss-up culture”
The Organizational Model for the Evolving Knowledge Age Society

- Value is based on knowledge, not accumulated capital
- Knowledge exists closest to the work
- Hierarchy exists to support the organization - not to command and control
- People work because they believe their work is meaningful
- Years of service with unquestioning loyalty is replaced by mutual value
- Employees are “free agents” who choose to work for an employer as long as the arrangement creates mutual value (The transportable 401K)
- Organizational cultures must provide employees with the opportunity to do a whole job - with purpose, results and accountability
- Employees expect to be used creatively, paid fairly, treated respectfully, and given opportunities to do meaningful work
Cultural Questions

- What are our cultural artifacts that still reflect the industrial age?
- What are our cultural artifacts that indicate a shift toward the knowledge age?
- What attributes do we have that contribute to the creation of maximum Total Shareholder Return?
- What can we do to help our organization continue to develop and reinforce a culture that will:
  - Maximize Total Shareholder Return
  - Create a high performance organization
  - Support intense customer focus
  - Cause the “best and brightest” in our industry to want to work here
Creating Maximum Shareholder Value
Cultural Attributes That Create Maximum Shareholder Value

- High performance organization
- Customer focus
- Respect for others
- Integrity and ethical standards in words and deeds
- Trustworthy
- Integration of products and services
- Service orientation
Four Mandates of a High Performance Culture

- Inspire all to do their best
- Reward achievement with praise and pay-for-performance, but keep raising the performance bar
- Create a work environment that is challenging, satisfying and fun
- Establish and abide by clear company values

A Cultural Framework

Four Cultural Dimensions

- High Performance
- Company Values
- Customer Centricity
- Work Environment

Maximum Total Shareholder Return
High Performance Cultural Dimension

Set challenging yet achievable goals
Inspire all to do their best
Consistently raise the performance bar
Encourage initiatives that “push the envelope”
People are paid what they’re worth
Address issues of non-performance directly
Recognition for high achievement
Promotions based on performance
Performance-based reward system (incentives)
Balance between high performance and high anxiety
Company Values Cultural Dimension

**Dimension**

**Company Values**

- Trustworthy
  - Integrity in all internal and external actions
- Value for shareholders
- Service as a core differentiator
- Valued customer relationships
- Treat all with respect
Customer Centricity Cultural Dimension

Dimension

Customer Focus

Build long-term customer relationships

Customer relationships are based on quality service

Employee relationships are balanced with shareholder value

Loyalty is based on trust, which requires being trustworthy

Empower employees to serve the customer

Employees treat customers the way they are treated by management

Internal customers should be treated the same as external customers

Customer relationships are based on trust, value, integrity and service

Customer focus and shareholder value must be balanced
Work Environment Cultural Dimension

High responsibility and accountability
Inspire all to do their best

Reinforce both individual and team behavior

Integration through cross-functional cooperation

Collaborative work environment

Empower employees to serve the customer and the company

Transparency - two way communications and feedback

Treat all with respect

High challenge, high performance, high reward

No tolerance for those who violate core values
Organizational Culture Inventory (OCI)
OCI Circumplex

90% score below this point
10% score above this point

75% score below this point
25% score above this point

50% score below this point
50% score above this point

25% score below this point
75% score above this point

10% score below this point
90% score above this point

HIGH
(at or above 75th percentile)

MEDIUM
(between 25th and 75th percentile)

LOW
(at or below 25th percentile)
Satisfaction vs. Security Needs

Higher Order Needs

Lower Order Needs
Task vs. People Orientation

Task-Centered  People-Centered
• Achievement
• Self-Actualizing
• Humanistic-Encouraging
• Affiliative

Members interact with others and approach tasks in ways that will help them to meet their higher-order satisfaction needs.
• Approval
• Conventional
• Dependent
• Avoidance

Members interact with *people* in ways that will not threaten their own *security*. 
Members approach tasks in forceful ways to protect their status and security.
Organizations are made up of individuals and groups that share some characteristics and are different on other attributes.
Data from 5 organizations: heavy manufacturing, high-tech manufacturing, banking and biomedical organizations.
### Cultural Style Outcomes

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<th>Constructive</th>
<th>Passive/Defensive</th>
<th>Aggressive/Defensive</th>
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<tr>
<td><strong>Individual Level</strong></td>
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<tr>
<td>Member Satisfaction</td>
<td>++</td>
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<td>Person/Norm Conflict</td>
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<td>++</td>
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<tr>
<td>Motivation</td>
<td>++</td>
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<td>0</td>
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<tr>
<td><strong>Group/Unit Level</strong></td>
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<tr>
<td>Group Motivation</td>
<td>++</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Work Avoidance</td>
<td>-</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Cooperation/Teamwork</td>
<td>+</td>
<td>0</td>
<td>0</td>
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<tr>
<td><strong>Organizational Level</strong></td>
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<tr>
<td>Perceived Client Satisfaction</td>
<td>++</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Reputation for Customer Service</td>
<td>++</td>
<td>-</td>
<td>0</td>
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<tr>
<td>Turnover Rate</td>
<td>-</td>
<td>+</td>
<td>+</td>
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**Key:** + indicates positive significant relationship  
0 indicates non-significant relationship  
- indicates negative significant relationship
### Cultural Style Reinforcers

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<th>Constructive</th>
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<td><strong>Job Level</strong></td>
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<tr>
<td>- Autonomy</td>
<td>++</td>
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<td>-</td>
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<tr>
<td>- Significance</td>
<td>++</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- Complexity of People-Related Activities</td>
<td>++</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Goal Characteristics</strong></td>
<td></td>
<td></td>
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<tr>
<td>- Clarity of Goals</td>
<td>++</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- Set Participatively</td>
<td>+</td>
<td>--</td>
<td>-</td>
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<tr>
<td><strong>Reward/Punishment Practices</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Monetary Rewards</td>
<td>++</td>
<td>0</td>
<td>+</td>
</tr>
<tr>
<td>- Praise</td>
<td>++</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>- Criticism</td>
<td>--</td>
<td>++</td>
<td>++</td>
</tr>
<tr>
<td>- Other Punishment</td>
<td>--</td>
<td>+</td>
<td>++</td>
</tr>
</tbody>
</table>

**Key:**
- + indicates positive significant relationship
- 0 indicates non-significant relationship
- - indicates negative significant relationship
## More Reinforcing Factors

<table>
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<tr>
<th></th>
<th>Constructive</th>
<th>Passive/Defensive</th>
<th>Aggressive/Defensive</th>
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<tbody>
<tr>
<td><strong>Leadership Styles</strong></td>
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<td></td>
</tr>
<tr>
<td>-Person-Centered</td>
<td>++</td>
<td>--</td>
<td>0</td>
</tr>
<tr>
<td>-Task-Centered</td>
<td>0</td>
<td>++</td>
<td>0</td>
</tr>
<tr>
<td><strong>Structural Characteristics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Shared Influence</td>
<td>++</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>-Centralization</td>
<td>-</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>-Standardization</td>
<td>0</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

### Key:
- + indicates positive significant relationship
- 0 indicates non-significant relationship
- - indicates negative significant relationship
Clear, challenging goals--set participatively, *profiled against* less effective goals and goal setting.

**Key:** (blue line) Clear Goals  
(shaded area) Less Effective Goals
Organizations emphasizing rewards profiled against those emphasizing punishment.

**Key:** (blue line) Rewards (shaded area) Punishment
Superior customer service *profiled against* poor customer service

**Key:** (blue line) Superior Service  
(shaded area) Poor Service
Low role conflict *profiled against* high role conflict

**Key:** (blue line) Low Role Conflict (shaded area) High Role Conflict
High job satisfaction *profiled against* low job satisfaction employees

**Key:** (blue line) High Satisfaction  
(shaded area) Low Satisfaction
High vs. Low Regard for TQM (Continuous Improvement) Implementation

High commitment and satisfaction with quality improvement *profiled against* low commitment and satisfaction

**Key:** (blue line) High Commitment (shaded area) Low Commitment
High sales growth stores *profiled against* low sales growth stores

**Key:** (blue line) High Sales Growth  
(shaded area) Low Sales Growth
How Leaders Embed Organizational Culture
How Leaders Embed Culture

- What leaders pay attention to, measure and control
- Leader reactions to critical incidents and organizational crises
- Deliberate role modeling, teaching and coaching
- Criteria for allocation of rewards and status
- Criteria for recruitment, selection, promotion, retirement and termination

Organizational Leverage Points
### Leadership By Position or Choice

<table>
<thead>
<tr>
<th>Position (Formal Authority)</th>
<th>Choice (Moral Authority)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Might makes right</td>
<td>Right makes might</td>
</tr>
<tr>
<td>Loyalty above integrity</td>
<td>Integrity IS loyalty</td>
</tr>
<tr>
<td>To get along, go along</td>
<td>Stubborn refusal</td>
</tr>
<tr>
<td>The “wrong” is in getting caught</td>
<td>The “wrong” is in doing wrong</td>
</tr>
<tr>
<td>The top people don’t buy it</td>
<td>Ethos, Pathos, Logos</td>
</tr>
<tr>
<td>The top people don’t live it</td>
<td>Be a model, not a critic</td>
</tr>
<tr>
<td>Image is everything</td>
<td>“To be rather than to seem”</td>
</tr>
<tr>
<td>“No one told me”</td>
<td>Ask; recommend</td>
</tr>
<tr>
<td>I did what you told me-now what</td>
<td>“I intend to”</td>
</tr>
<tr>
<td>There is only so much</td>
<td>There is enough and to spare</td>
</tr>
</tbody>
</table>
How Leaders Create Cultural Alignment
What changes first: behavior or attitude?

The behaviorist viewpoint -
While it is likely that we may think our way into a new way of acting.....
It is much more likely that we will act our way into a new way of thinking

OR

The values based viewpoint -
People don’t change their behavior until they first change their hearts, minds and attitudes
Values-Based Alignment Tools

- The Power of the Vision and Desired Culture
  - Meaningfulness
- Personal Charisma
- Rational Argument - Logic
- Participation and Inclusion
- Personal Loyalty
- Personal Value Alignment to the Culture
Behavioral Alignment Tools

- New Roles and Responsibilities
- Change the Core Work Processes
- Required Behaviors
- Measurement Systems
- Rewards and Incentives
- Threats and Punishment
Organizational-Culture Alignment

Defining the Desired Culture
Purpose-principles-values-behaviors

Aligned vision-strategies-goals

Aligned control and measurement system

Aligned structure and work processes

Aligned reward and recognition systems

Aligned behaviors

Feedback
Leadership Development As A Vehicle To Drive Organizational Change
The only truly sustainable competitive advantage
Leadership Today - A Role Needed At All Levels

Leadership Jobs

Management Jobs

Individual Contributor Jobs
What Leaders Do

• Set the vision

• Build alignment to that vision

• Determine major deployment strategies and resource allocations to achieve the vision

• Develop a high performing organizational culture
What Managers Do

- Develop plans to implement the organizational vision
- Organize resources for effective execution
- Staff the organization with the right people doing the right job
- Supervise the work to maintain focus and coach for success
- Control through key performance measures
Leadership and Management in Action Together

LEADERS
- Vision
- Culture
- Alignment
- Deployment

MANAGERS
- Controlling
- Supervising
- Staffing
- Organizing
- Planning

Vision
- Deployment
- Alignment

Culture
How Should Leadership Programs Be Designed And Structured?
Developmental Learning Vs. Training Events

- Multiple formal learning sessions over time
- Content designed to build increasing levels of skill
- Live practice between sessions
- Real work applications
- Coaching and support available throughout
- Manager and organization involvement
- Learning teams for reinforcement
- Experienced business leader/facilitator guiding all sessions
- Multiple formal learning sessions over time
The Three Elements That Will Comprise the EI Learning Experience

- Design and Content
- Facilitator
- Participants
Program Structure

Learning Teams
- Facilitator
- Program Materials
- Organizational Feedback
- Coaching

7 Core Modules

Real Work Applications
### Leadership Development Framework

<table>
<thead>
<tr>
<th>FORMAL INSTRUCTION</th>
<th>SUPPORT MATERIALS</th>
<th>PART. ACTIONS</th>
<th>PART. SUPPORT</th>
<th>SR. MGT. INVOLVEMENT</th>
<th>REAL WORK APPLICATIONS</th>
<th>FIELD EXPERIENCES</th>
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<tr>
<td><strong>MODEST</strong></td>
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<td></td>
<td>None Required Optional Component</td>
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<tr>
<td>4 Modules</td>
<td>Manuals</td>
<td>Personal</td>
<td>Support From</td>
<td>3 Group Briefings</td>
<td>Participant Choice In Their Own Work Area</td>
<td></td>
</tr>
<tr>
<td>One Day Each Per</td>
<td>Powerpoint</td>
<td>Action</td>
<td>Program Team</td>
<td>Before During After</td>
<td></td>
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<tr>
<td>Month</td>
<td>Instruments</td>
<td>Planners</td>
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<td>Articles</td>
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<tr>
<td><strong>MODERATE</strong></td>
<td>Add Selected</td>
<td>Add Defined</td>
<td>Add Individual</td>
<td>Add Team Projects</td>
<td>Add 2-3 Visits Selected By Participants</td>
<td></td>
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<tr>
<td>7 Modules</td>
<td>Books</td>
<td>Applications</td>
<td>Feedback And</td>
<td>Within The Program</td>
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<td>One Day Each Per</td>
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<td>With Feedback</td>
<td>Support With</td>
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<td>Month</td>
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<td>Managers</td>
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<td><strong>INTENSIVE</strong></td>
<td>Add Comprehensive</td>
<td>Add Internal</td>
<td>Add Sponsors</td>
<td>Add Enterprise</td>
<td>Formalized Process</td>
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<td>12 Modules</td>
<td>Library</td>
<td>Sponsor</td>
<td>For Cross-Funct.</td>
<td>Projects With Sr. Level Sponsor</td>
<td>And Program Across The Organization</td>
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<td>Two Days</td>
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<td>Possibly</td>
<td>Team Projects</td>
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<td>Each Every 6-8</td>
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<td>Weeks</td>
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<td>Coach</td>
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Customized “Moderate” Internal LDP

- Offered for a specific client organization - 15-30 participants
- Typically seven one-day modules, delivered once per month
- Content and applications customized for the client organization
- Extensive program and support materials
- Cross-functional support teams of 3-4 people established for reinforcement between modules
- Feedback provided to managers of participants and senior management
- Real team development occurs among the participants
- Real-time organizational projects developed in the program
- Learning and “real work” are intertwined so that the individuals, the teams and the organization are all...
Participant Responsibilities

- Organize their leadership and management responsibilities so that they can attend with *full participation and no interruptions*
- Schedule their calendars so they will be fully present for all the sessions
- Complete the pre-work reading and other preparatory assignments
- Complete any assigned post-session work
- Develop a personal action plan for implementation after each module
- Meet twice between sessions with their team members (other co-participants) to review how they are progressing with their action plans
- Meet with their managers at least once between sessions to review their progress and ask for help in overcoming any challenges or barriers
- Participate fully in the other work-related assignments that senior management select as a group to help implement its business plan
Program Content
Typical Module Content

- The People Component of Leadership
  - Your Role and Responsibilities as a Leader and Manager
  - Developing Your Emotional intelligence
  - Interpersonal Communications
  - Performance Management – Setting Expectations, Goals, Performance Measures
  - Performance Management – Feedback, Coaching, Counseling, Evaluating Performance
  - Building High Performance Cross-Functional Teams
Typical Module Content

- The Organizational Component of Leadership
  - Leading Complex Projects
  - Continuous Process Improvement – Systems and Methods
  - Continuous Process Improvement – Tools and Measures
  - Organizational Structure and Measurement Systems
  - Building Client/Customer Satisfaction Systems
  - Client Communications and Relationship Management
Typical Module Content

- The Strategic Component of Leadership
  - Strategic Planning and/or Business Planning
  - Designing a High Performing Business Model
  - Leading Organizational Change
  - Designing and Building Organizational Culture
  - Building and Chartering the Executive Team
Typical LDP Organizational Projects

- Strategic Planning and/or Business Planning
- Acquisition/Merger Reviews or Methodology Development
- Performance Management System Design
- Compensation System Review
- Internal Communications Systems
- Company Balanced Scorecard
- Project Management Methodologies and Tools
- Process Improvement (CI) Methodologies/Special Projects
- On-Boarding New Hires and/or New Clients
- Employee and/or Client Satisfaction Systems
- Client Change Management Practices
- Business Case Development (Internal/External)
Program Benefits

- Your Individual development
- Your Leadership effectiveness
- Effectiveness of your direct reports
- Effectiveness of your work team
- Effectiveness of the organization